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September 21, 2000

VIA ELECTRONIC FILING

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Presentation in CC Docket No. 96-45

Dear Ms. Salas:

Pursuant to 47 C.F.R. Section 1.1206, Iowa Telecommunications Services, Inc. ("Iowa Telecom") hereby submits an ex parte presentation in the above-listed docket.

On June 30, 2000, the Federal-State Joint Board on Universal Service released a Recommended Decision in CC Docket No. 96-45. In that Recommended Decision, the Joint Board concluded: "We strongly encourage the Commission to consider an alternative to section 54.305 at the earliest opportunity." Recommended Decision at para. 20. 47 C.F.R. Section 54.305 states that a carrier that acquires rural exchanges will not receive any universal service support to operate or upgrade those exchanges if the selling company was not eligible for such assistance. The Joint Board expressed its concern that Section 54.305 does not allow rural carriers to receive "sufficient" support as required by Section 254 of the Telecommunications Act. Specifically, the Joint Board determined that the rule has "negative consequences" because it "prevents the acquiring carrier from receiving an amount of support related to the costs of providing supported services in the transferred exchange." Recommended Decision at para. 20.

Iowa Telecom strongly supports the Joint Board's recommendation and urges the Commission to take action in this proceeding to eliminate section 54.305 or, if there is an earlier opportunity, take such action in another proceeding. As described in exhibit A attached hereto, Iowa Telecom's service territory is very rural. Yet, as a consequence of Section 54.305, it receives no high cost loop support.

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Iowa Telecom agrees with the Joint Board that eligibility for universal service support should be determined by the costs of providing supported services in rural America, and not by the infrastructure investment priorities of selling carriers. Iowa Telecom recently acquired the GTE local exchanges serving the state of Iowa. Those rural exchanges did not qualify at the time of the acquisition for high cost loop support because GTE's costs did not reflect those of a company developing that rural infrastructure. As an Iowa based company with a different business strategy, Iowa Telecom wants to invest more in the development of each of its rural exchanges than its predecessor did. Such new investments to shore up previous network infrastructure deficiencies will impact the high cost characteristics of Iowa Telecom's exchanges. Iowa Telecom's costs will also differ from those of GTE due to the decentralization of administrative functions (bringing functions back to Iowa). Iowa Telecom will also not have the same economies of scope and scale that GTE had for those support functions.

Providing Iowa Telecom the opportunity to demonstrate that its rural exchanges would be eligible for high cost loop assistance, were it not for Section 54.305, would further Congress' goals, which clearly indicate that support for the development of rural markets is critical to the nation. Courts have recognized as prominent among its duties the FCC's universal service responsibility. National Ass'n. of Regulatory Util. Comm'rs v. FCC, 737 F.2d 1095, 1108 (D.C. Cir. 1984), cert. denied, 469 U.S. 1227 (1985). In the Telecommunications Act of 1996, Congress expressly focused on rural customers by providing that "those in rural, insular, and high cost areas should have access to telecommunications...services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." 47 U.S.C. Section 254(b)(3).

Iowa Telecom urges the Commission to consider the adverse effects that the Section 54.305 limitation on high cost support is having on customers living in outlying high cost exchanges. As a consequence of that rule, Iowa Telecom is being denied the opportunity to submit a loop cost study showing that its rural exchanges are entitled to high cost loop support. The lack of such assistance will undoubtedly retard Iowa Telecom's progress in curing infrastructure deficiencies inherited from GTE and limit the advancement of universal service in numerous rural communities. The residents of those rural communities are certain to benefit from the more modern telecommunications infrastructure that would be made possible if Iowa Telecom received the high cost loop support for which it is qualified.

Iowa Telecom would welcome the opportunity to discuss with the Commission in greater detail the new rural infrastructure investments in Iowa that would be made possible if it received high cost loop support.

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Respectfully submitted,

IOWA TELECOMMUNICATIONS
SERVICES, INC.

By:


James U. Troup

Its attorney

cc: Chairman William Kennard
Commissioner Gloria Tristani
Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Harold Furchtgott-Roth
Ms. Dorothy Atwood
Ms. Katherine Schroder
Ms. Sharon Webber
Mr. Bill Scher

EXHIBIT A

Iowa Telecom Is Truly A Rural Telephone Company

	LINE DENSITY (LINES / SQUARE MILE)
RBOCs	287.5
SPRINT	56
Iowa Telecom	14

1. More than half of Iowa Telecom's exchanges (152) have 500 or less access lines.
2. Only 5 exchanges have more than 5,000 access lines.
3. The remaining exchanges (139) have between 500 and 1000 access lines.
4. 20% of Iowa Telecom's access lines are farther than 3 miles from the central office.
5. All of Iowa Telecom's exchanges have less than 12,000 access lines.